

**STATE BOARD OF ACCOUNTS  
302 West Washington Street  
Room E418  
INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF

NEW HARMONY TOWN AND TOWNSHIP  
CONSOLIDATED SCHOOLS  
POSEY COUNTY, INDIANA

July 1, 2004 to June 30, 2006



**FILED**

03/21/2007



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## OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tamara L. Creek Paula Schmitt	07-01-04 to 10-31-06 11-01-06 to 06-30-07
Superintendent of Schools	C. G. Epple Fran Thole	07-01-04 to 06-30-06 07-01-06 to 06-30-07
President of the School Board	Thomas Smith Jim Scarafia	01-01-04 to 12-31-04 01-01-05 to 12-31-07



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
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Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF NEW HARMONY TOWN AND TOWNSHIP  
CONSOLIDATED SCHOOLS, POSEY COUNTY, INDIANA

We have examined the financial information presented herein of New Harmony Town and Township Consolidated Schools (School Corporation) for the period of July 1, 2004 to June 30, 2006. The School Corporation's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above present fairly, in all material respects, the financial information of the School Corporation for the years ended June 30, 2005 and 2006, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on the Schedule of Capital Assets and Schedule of Long-Term Debt.

STATE BOARD OF ACCOUNTS

February 15, 2007

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 702,264
Restricted assets:	
Cash and investments	<u>54,694</u>
Total assets	<u>\$ 756,958</u>
<u>Net Assets</u>	
Restricted for:	
Debt service	\$ 54,694
Unrestricted	<u>702,264</u>
Total net assets	<u>\$ 756,958</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH AND INVESTMENTS  
June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 1,028,297
Restricted assets:	
Cash and investments	<u>64,691</u>
Total assets	<u>\$ 1,092,988</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 64,691
Unrestricted	<u>1,028,297</u>
Total net assets	<u>\$ 1,092,988</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 1,031,382	\$ -	\$ 20,905	\$ (1,010,477)
Support services	996,363	67,627	23,358	(905,378)
Nonprogrammed charges	138,625	-	-	(138,625)
Debt service	124,000	-	-	(124,000)
Total governmental activities	<u>\$ 2,290,370</u>	<u>\$ 67,627</u>	<u>\$ 44,263</u>	<u>(2,178,480)</u>
General receipts:				
Property taxes				949,461
Other local sources				193,439
State aid				779,009
Grants and contributions not restricted				106,640
Investment earnings				9,346
Intergovernmental transfers				<u>119,930</u>
Total general receipts and intergovernmental transfers				<u>2,157,825</u>
Change in cash and investments				(20,655)
Net assets - beginning				<u>777,613</u>
Net assets - ending				<u>\$ 756,958</u>

The accompanying notes are an integral part of the financial statements.



NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH ACTIVITIES  
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 1,035,452	\$ -	\$ 17,612	\$ (1,017,840)
Support services	1,097,604	57,735	28,144	(1,011,725)
Community services	200	-	-	(200)
Nonprogrammed charges	657,854	-	-	(657,854)
Debt service	124,000	-	-	(124,000)
Total governmental activities	<u>\$ 2,915,110</u>	<u>\$ 57,735</u>	<u>\$ 45,756</u>	<u>(2,811,619)</u>
General receipts:				
Property taxes				1,463,420
Other local sources				192,443
State aid				713,796
Grants and contributions not restricted				115,969
Investment earnings				21,875
Intergovernmental transfers				<u>640,146</u>
Total general receipts and intergovernmental transfers				<u>3,147,649</u>
Change in cash and investments				336,030
Net assets - beginning				<u>756,958</u>
Net assets - ending				<u>\$ 1,092,988</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2005

	General	Transportation Operating	Rainy Day	Johnson Estate Scholarship	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 825,540	\$ 46,735	\$ -	\$ 1,834	\$ 185,258	\$ 66,139	\$ 10,079	\$ 84,024	\$ 1,219,609
Intermediate sources	263	-	-	-	-	-	-	-	263
State sources	792,219	-	-	-	-	-	-	24,504	816,723
Federal sources	-	-	-	-	-	-	-	113,190	113,190
Intergovernmental transfers	79,075	-	40,000	-	-	-	-	855	119,930
Total receipts	<u>1,697,097</u>	<u>46,735</u>	<u>40,000</u>	<u>1,834</u>	<u>185,258</u>	<u>66,139</u>	<u>10,079</u>	<u>222,573</u>	<u>2,269,715</u>
Disbursements:									
Current:									
Instruction	954,454	-	-	-	-	-	-	76,928	1,031,382
Support services	722,417	42,319	-	-	-	92,788	-	138,839	996,363
Nonprogrammed charges	12,689	-	-	2,004	97,307	20,000	-	6,625	138,625
Debt services	-	-	-	-	124,000	-	-	-	124,000
Total disbursements	<u>1,689,560</u>	<u>42,319</u>	<u>-</u>	<u>2,004</u>	<u>221,307</u>	<u>112,788</u>	<u>-</u>	<u>222,392</u>	<u>2,290,370</u>
Excess (deficiency) of total receipts over (under) total disbursements	7,537	4,416	40,000	(170)	(36,049)	(46,649)	10,079	181	(20,655)
Cash and investments - beginning	<u>3,928</u>	<u>50,762</u>	<u>40,000</u>	<u>160,126</u>	<u>90,743</u>	<u>305,587</u>	<u>45,637</u>	<u>80,830</u>	<u>777,613</u>
Cash and investments - ending	<u>\$ 11,465</u>	<u>\$ 55,178</u>	<u>\$ 80,000</u>	<u>\$ 159,956</u>	<u>\$ 54,694</u>	<u>\$ 258,938</u>	<u>\$ 55,716</u>	<u>\$ 81,011</u>	<u>\$ 756,958</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
GOVERNMENTAL FUNDS  
For The Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day	Johnson Estate Scholarship	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 963,906	\$ 62,365	\$ -	\$ 4,727	\$ 329,512	\$ 285,920	\$ 8,784	\$ 79,958	\$ 1,735,172
Intermediate sources	301	-	-	-	-	-	-	-	301
State sources	721,756	-	-	-	-	-	-	20,343	742,099
Federal sources	-	-	-	-	-	-	-	133,422	133,422
Intergovernmental transfers	<u>263,212</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>226,000</u>	<u>-</u>	<u>50,934</u>	<u>640,146</u>
Total receipts	<u>1,949,175</u>	<u>62,365</u>	<u>100,000</u>	<u>4,727</u>	<u>329,512</u>	<u>511,920</u>	<u>8,784</u>	<u>284,657</u>	<u>3,251,140</u>
Disbursements:									
Current:									
Instruction	969,732	-	-	-	-	-	-	65,720	1,035,452
Support services	685,089	63,496	-	-	-	141,493	53,750	153,776	1,097,604
Community services	-	-	-	-	-	-	-	200	200
Nonprogrammed charges	241,344	1,153	20,000	2,005	195,515	146,683	211	50,943	657,854
Debt services	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>124,000</u>
Total disbursements	<u>1,896,165</u>	<u>64,649</u>	<u>20,000</u>	<u>2,005</u>	<u>319,515</u>	<u>288,176</u>	<u>53,961</u>	<u>270,639</u>	<u>2,915,110</u>
Excess (deficiency) of total receipts over (under) total disbursements	53,010	(2,284)	80,000	2,722	9,997	223,744	(45,177)	14,018	336,030
Cash and investments - beginning	<u>11,465</u>	<u>55,178</u>	<u>80,000</u>	<u>159,956</u>	<u>54,694</u>	<u>258,938</u>	<u>55,716</u>	<u>81,011</u>	<u>756,958</u>
Cash and investments - ending	<u>\$ 64,475</u>	<u>\$ 52,894</u>	<u>\$ 160,000</u>	<u>\$ 162,678</u>	<u>\$ 64,691</u>	<u>\$ 482,682</u>	<u>\$ 10,539</u>	<u>\$ 95,029</u>	<u>\$ 1,092,988</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2005

	<u>Private-Purpose Trust Funds</u>
Additions:	
Local sources	\$ 33,851
Federal sources	<u>43,971</u>
Total additions	<u>77,822</u>
Deductions:	
Instruction	73,150
Support services	40,780
Community services	<u>137</u>
Total deductions	<u>114,067</u>
Deficiency of total additions under total deductions	(36,245)
Cash and investments - beginning	<u>120,536</u>
Cash and investments - ending	<u><u>\$ 84,291</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
AND CHANGES IN CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
For The Year Ended June 30, 2006

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 9,548
Federal sources	<u>47,065</u>
Total additions	<u>56,613</u>
Deductions:	
Instruction	60,954
Support services	17,258
Community services	203
Nonprogrammed charges	<u>2,000</u>
Total deductions	<u>80,415</u>
Deficiency of total additions under total deductions	(23,802)
Cash and investments - beginning	<u>84,291</u>
Cash and investments - ending	<u><u>\$ 60,489</u></u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	<u>\$ 84,291</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	<u>\$ 84,291</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
STATEMENT OF CASH AND INVESTMENTS  
FIDUCIARY FUNDS  
June 30, 2006

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>
Cash and investments	<u>\$ 60,489</u>
<u>Net Assets</u>	
Held in trust for employee benefits and other purposes	<u>\$ 60,489</u>

The accompanying notes are an integral part of the financial statements.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

Note 2. Fund Accounting

A. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The rainy day fund is to account for transfers of unused and unencumbered funds in accordance with Indiana Code 36-1-8-5 and a locally adopted resolution. The fund is subject to the same appropriation process as funds that receive tax money.

The Johnson Estate Scholarship fund is used to account for donated funds in the awarding of scholarships to students.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.



NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the School Corporation students.

**B. Measurement Focus and Basis of Accounting**

The government-wide, governmental fund, proprietary fund and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The School Corporation has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

**Note 3. Budgets**

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 6. Interfund Transfers

Interfund transfers for the years ended June 30, 2005 and 2006, were as follows:

Transfer From	Transfer To	2004-2005	2005-2006
General Fund	Capital Projects	\$ -	\$ 210,000
General Fund	Other governmental	-	19,393
Debt Service	General Fund	77,307	187,745
Capital Projects	General Fund	-	45,000
Rainy Day	Debt Service	20,000	-
Capital Projects	Rainy Day	-	100,000
Rainy Day	Capital Projects	20,000	-
Rainy Day	Other governmental	-	20,000
Debt Service	Other governmental	-	7,771
Capital Projects	Other governmental	-	1,683
Transportation Operating	Other governmental	-	1,153
School Bus Replacement	Other governmental	-	211
Other governmental	General Fund	1,768	30,467
Other governmental	Capital Projects	-	16,000
Other governmental	Other governmental	855	723
Totals		<u>\$ 119,930</u>	<u>\$ 640,146</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
NOTES TO FINANCIAL INFORMATION  
(Continued)

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

Note 7. Pension Plan

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

TRF issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Teacher's Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2006

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 5,000
Buildings	3,817,270
Improvements other than buildings	433,625
Machinery and equipment	<u>495,237</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 4,751,132</u></u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
June 30, 2006

The New Harmony Town and Township Consolidated Schools has entered into the following debt obligations:

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
School Corporation Building	\$ 325,000	\$ 100,000
Common School loans payable	<u>236,935</u>	<u>113,704</u>
Total governmental activities long-term debt	<u>\$ 561,935</u>	<u>\$ 213,704</u>

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
EXAMINATION RESULTS AND COMMENTS

PREScribed FORM

Prescribed Investment Register Form 350 was not always in use.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OFFICIAL BONDS

The following official bonds were not filed in the office of the County Recorder:

Corporation Treasurer  
ECA Treasurer

Indiana Code 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ." A similar comment appeared in our prior Audit Report B24817.

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2006.

The enrollment count date for 2005-2006 was September 16, 2005. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form Number 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2005-2006	1 Through 12	180	187	7

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CAPITAL ASSET RECORDS

Purchases and deletions were not posted to the Capital Asset Records for the school year 2005-2006.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

NEW HARMONY TOWN AND TOWNSHIP CONSOLIDATED SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 15, 2007, with Fran Thole, Superintendent of Schools; and Paula Schmitt, Treasurer. The officials concurred with our findings.